REMARKS

Reconsideration of the above-identified application in view of the remarks following is respectfully requested.

Claims 1-35 are in this case. Claims 30 and 31 have been subject to a restriction. Claims 30 and 31 have now been canceled without prejudice.

In response to a teleconference with the Examiner, Applicant wishes to further clarify the meaning of the terms "option" and "forward contract".

As is known to those of skill in the art, a forward contract has specific characteristics and implementations.

A forward contract is a cash market transaction in which delivery of the commodity is deferred until after the contract has been made. It is not standardized and is not traded on organized exchanges. Although the delivery is made in the future, the price is determined at the initial trade date. In effect, the buyer and the seller of a forward contract are direct contractual counterparties to one another.

This leads to a number of legal and implementation requirements, particularly when the concept of the forward contract is applied to money as part of hedging. For example, both parties have actually contracted to deliver/receive money at the specified rate on the specified date. Failure to fulfill the obligations to buy/sell currency would cause the failing party (which did not fulfill its obligations) to be in breach of contract. However, the contract refers only to that particular exchange. There may be multiple exchanges between the buyer and seller of currency, but each exchange or initially specified set of exchanges would require its own specific contract with regard to rate and the date of delivery. An ISDA (http://www.isda.org/) agreement typically governs the contractual obligations between the parties to a forward contract. The ISDA master agreement governs the terms of the contract between the parties, according to which a bank (for example) would sign an agreement with a customer before trading. A copy of the master agreement will be sent to you upon request.

The contract is therefore an over-the-counter (OTC) agreement between two companies, governed for example according to the above master agreement. The

delivery price is usually chosen so that the initial value of the contract is zero. No money changes hands when contract is first negotiated and it is settled at maturity

The forward price of a contract is commonly contrasted with the spot price. The spot price of a commodity is the price that is quoted for transaction immediately. This is contrasted with a forward price, which is the price at which a commodity may be transacted (bought/sold) at a future date. The spot price is the price at which the asset changes hands on the spot date, which is usually after 2 business days. In other words, the spot price refers to a near-term exchange, while a forward contract always refers to a long-term agreement between the parties to exchange currencies at a future date. A forward contract is an agreement to buy or sell an asset at a certain time in the future for a certain price (the delivery price). It can be contrasted with a spot contract which is an agreement to buy or sell immediately.

Thus, the forward contract provides a long-term obligation between the parties, where execution is more or less than two business days, in the form of a legal contract.

Forward contracts allow banks to provide their clients with the facility of hedging of foreign exchange risks, for example those that are related to their import / export transactions. Typically the minimum amount eligible for a forward contract is USD 100,000 or equivalent. Thus, such contracts are not available for hedging small value transactions typically conducted in e-commerce environments. By hedging the rate used to convert an aggregation of multiple small value transactions with forward and option contracts, the current invention is able to eliminate currency risk from small value transactions even when substantial time may elapse between pricing and settlement of funds.

An options contract provides its owner the right, but not the obligation, to buy or sell a specified amount of foreign currency at a specified price at a specified date. Thus, unlike a forward contract (which specifies a contractual obligation that must be fulfilled by both parties on the specified date), the options contract permits the buyer of the option to be flexible, and to only purchase or sell currency as needed.

In view of the above remarks it is respectfully submitted that claims 1-29 and 32-35 are now in condition for allowance. Prompt notice of allowance is respectfully and earnestly solicited.

Respectfully submitted,

D'vorah Graeser
Agent for Applicant
Registration No. 40,000

Date: September 8, 2004